

and proportionate to the services performed and structured so the payout schedule considers the potential for future losses or undue risks to the institution;

(3) Senior officer compensation, incentive, and benefit programs support the institution's long-term business strategy and mission, as well as promote safe and sound business practices; and

(4) Compensation programs designed for specific groups of employees, other than senior officers, pose no imprudent risks to the institution.

(c) *Resources*. Each institution must provide monetary and nonmonetary resources to enable its compensation committee to perform its duties.

[77 FR 60601, Oct. 3, 2012]

## PART 621—ACCOUNTING AND REPORTING REQUIREMENTS

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AUTHORITY: Secs. 4.12(b)(5), 5.17, 5.22A, 8.11 of the Farm Credit Act (12 U.S.C. 2183, 2252, 2257a, 2279aa-11); sec. 514 of Pub. L. 102-552.

SOURCE: 58 FR 48786, Sept. 20, 1993, unless otherwise noted.

## Subpart A—Purpose and Definitions

### § 621.1 Purpose and applicability.

This part sets forth accounting and reporting requirements to be followed by all banks, associations, and service corporations chartered under the Act; the Federal Farm Credit Banks Funding Corporation; and, where specifically indicated, the Federal Agricultural Mortgage Corporation. The requirements set forth in this part are of both general and specific applicability. Certain requirements focus on areas of financial condition and operating performance that are of special importance for generating, presenting, and disclosing accurate and reliable information.

[58 FR 48786, Sept. 20, 1993, as amended at 78 FR 31835, May 28, 2013]

### § 621.2 Definitions.

For the purposes of this part, the following definitions shall apply:

(a) *Accounts and exposures* means data related to any loan, lease, letter of credit, derivative, or, any other asset, liability, other balance sheet account, or off-balance-sheet exposure of a System institution.

(b) *Accrual basis of accounting* means the accounting method in which expenses are recorded when incurred, whether paid or unpaid, and income is reported when earned, whether received or not received.

(c) *Banks and associations* mean all Farm Credit Banks, Agricultural credit banks, and associations.

(d) *Borrowing entity* means the individual(s), partnership, joint venture, trust, corporation, or other business entity, or any combination thereof, that is primarily obligated on the loan instrument.

(e) *Central data repository* means a central data warehouse that electronically collects and stores current and